

IC 27-2-18

Chapter 18. Disclosure of Material Transactions

IC 27-2-18-1

"Asset acquisition" defined

Sec. 1. (a) As used in this chapter, "asset acquisition" includes every purchase, lease, exchange, merger, consolidation, succession, or other acquisition.

(b) The term does not include the construction on or development of real property by or for the reporting insurer or the acquisition of materials for construction or development.

As added by P.L.251-1995, SEC.17.

IC 27-2-18-2

"Asset disposition" defined

Sec. 2. As used in this chapter, "asset disposition" includes every sale, lease, exchange, merger, consolidation, mortgage, hypothecation, assignment (whether for the benefit of creditors or otherwise), abandonment, destruction, or other disposition.

As added by P.L.251-1995, SEC.17.

IC 27-2-18-3

"Domicile" defined

Sec. 3. As used in this chapter, "domicile" means the following:

- (1) For a corporation, the state in which the purchasing group is incorporated.
- (2) For an unincorporated entity, the state of its principal place of business.

As added by P.L.251-1995, SEC.17.

IC 27-2-18-4

"Material acquisition" defined

Sec. 4. As used in this chapter, "material acquisition" means an asset acquisition or a series of related asset acquisitions during any thirty (30) day period that:

- (1) is nonrecurring;
- (2) is not in the normal course of business; and
- (3) involves more than five percent (5%) of the reporting insurer's total admitted assets as reported in the insurer's most recent statutory statement filed with the department.

As added by P.L.251-1995, SEC.17.

IC 27-2-18-5

"Material disposition" defined

Sec. 5. As used in this chapter, "material disposition" means an asset disposition or a series of related asset dispositions during any thirty (30) day period that:

- (1) is nonrecurring;
- (2) is not in the normal course of business; and
- (3) involves more than five percent (5%) of the reporting

insurer's total admitted assets as reported in the insurer's most recent statutory statement filed with the department.
As added by P.L.251-1995, SEC.17.

IC 27-2-18-6

"Material nonrenewal, cancellation, or revision of a ceded reinsurance agreement" defined; reportable material revisions

Sec. 6. (a) As used in this chapter, "material nonrenewal, cancellation, or revision of a ceded reinsurance agreement" has the following meanings:

(1) When used in connection with property and casualty business, including accident and sickness insurance business written by a property and casualty insurer, the term means a nonrenewal, cancellation, or revision that affects:

(A) more than fifty percent (50%) of the insurer's total ceded written premium; or

(B) more than fifty percent (50%) of the insurer's total ceded indemnity and loss adjustment reserves.

(2) When used in connection with life insurance or accident and sickness insurance business, the term means a nonrenewal, cancellation, or revision that affects more than fifty percent (50%) of the total reserve credit taken for business ceded on an annualized basis, as indicated in the insurer's most recent annual statement.

(b) The following events constitute a material revision of a ceded reinsurance agreement for property and casualty insurance, life insurance, or accident and sickness insurance business meeting the requirements of subsection (a) and must be reported:

(1) An authorized reinsurer representing more than ten percent (10%) of a total cession is replaced by one (1) or more unauthorized reinsurers.

(2) Previously established collateral requirements have been reduced or waived as respects one (1) or more unauthorized reinsurers representing collectively more than ten percent (10%) of a total cession.

(c) A nonrenewal, cancellation, or revision of a ceded reinsurance agreement is not material and a filing is not required under subsection (a) or (b) for the following:

(1) In connection with property and casualty business, including accident and sickness insurance business written by a property and casualty insurer, the insurer's total ceded written premium represents, on an annualized basis, less than ten percent (10%) of the insurer's total written premiums for direct and assumed business.

(2) In connection with life insurance or accident and sickness insurance business, the total reserve credit taken for business ceded represents, on an annualized basis, less than ten percent (10%) of the statutory reserve requirement before any cession.

As added by P.L.251-1995, SEC.17.

IC 27-2-18-7

Reports

Sec. 7. (a) Except as provided in subsection (b), an insurer domiciled in Indiana shall file a report with the commissioner disclosing:

- (1) a material acquisition;
- (2) a material disposition; and
- (3) a material nonrenewal, cancellation, or revision of a ceded reinsurance agreement.

(b) A report of a transaction described in subsection (a) does not have to be filed with the commissioner under this section if the transaction was previously submitted to the commissioner for review, approval, or information purposes under other provisions of IC 27, rules adopted by the department, or other requirements.

As added by P.L.251-1995, SEC.17.

IC 27-2-18-8

Time of filing

Sec. 8. The report required in section 7 of this chapter must be filed not later than fifteen (15) days after the end of the calendar month in which the transaction that requires the filing occurred.

As added by P.L.251-1995, SEC.17.

IC 27-2-18-9

Filing copies

Sec. 9. One (1) complete copy of the report, including any exhibits or other attachments filed with the report, shall be filed with the:

- (1) department; and
- (2) National Association of Insurance Commissioners.

As added by P.L.251-1995, SEC.17.

IC 27-2-18-10

Reports as confidential information; exceptions

Sec. 10. (a) Except as provided in subsections (b) and (c), any report obtained by or disclosed to the commissioner under this chapter:

- (1) shall be confidential information; and
- (2) shall not, without the prior written consent of the insurer to which it pertains, be:
 - (A) subject to subpoena; or
 - (B) made public by the commissioner, the National Association of Insurance Commissioners, or any other person.

(b) A report obtained under this chapter may be made available to other departments of insurance in other states subject to IC 27-1-3-10.5.

(c) The commissioner may, after giving notice and an opportunity to be heard to the insurer that would be affected by the release of information under this chapter:

- (1) determine that the interests of policyholders, shareholders, or the public will be served by the publication of information in the report under section 7 of this chapter; and
 - (2) publish all or any part of the information in such manner as the commissioner considers appropriate.
- (d) The commissioner may not:
- (1) disclose; or
 - (2) subject to subpoena;
- financial information regarding material transactions disclosed by an insurer under this chapter.
- As added by P.L.251-1995, SEC.17.*

IC 27-2-18-11

Contents of reports of material acquisitions and dispositions

Sec. 11. The following information must be disclosed in any report of a material asset acquisition or asset disposition:

- (1) The date of the transaction.
- (2) The manner of the asset acquisition or asset disposition.
- (3) A description of the assets involved.
- (4) The nature and amount of the consideration given or received in connection with the asset acquisition or the asset disposition.
- (5) The purpose of or reason for the transaction.
- (6) The manner by which the amount of consideration was determined.
- (7) The gain or loss recognized or realized as a result of the transaction.
- (8) The name of each person from whom the assets were acquired or to whom the assets were disposed.

As added by P.L.251-1995, SEC.17.

IC 27-2-18-12

Reports of material acquisitions and dispositions on nonconsolidated basis; exceptions

Sec. 12. (a) Insurers must report material acquisitions and dispositions on a nonconsolidated basis unless the insurer is part of a consolidated group of insurers that uses a pooling arrangement or one hundred percent (100%) reinsurance agreement that affects the solvency and integrity of the insurer's reserves and the insurer ceded substantially all of its direct and assumed business to the pool.

(b) An insurer is considered to have ceded substantially all of its direct and assumed business to a pool under subsection (a) if the insurer has less than one million dollars (\$1,000,000) total direct plus assumed written premiums during a calendar year that are not subject to a pooling arrangement and the net income of the business not subject to the pooling arrangement represents less than five percent (5%) of the insurer's capital and surplus.

As added by P.L.251-1995, SEC.17.

IC 27-2-18-13

Contents of reports of material nonrenewals, cancellations, or revisions

Sec. 13. The following information must be disclosed on a nonconsolidated basis in any report of a material nonrenewal, cancellation, or revision of a ceded reinsurance agreement:

- (1) The effective date of the nonrenewal, cancellation, or revision.
- (2) The description of the transaction with an identification of the initiator of the transaction.
- (3) The purpose of or reason for the transaction.
- (4) If applicable, the identity of the replacement reinsurers.

As added by P.L.251-1995, SEC.17.

IC 27-2-18-14

Reports of material nonrenewals, cancellations, or revisions on nonconsolidated basis; exceptions

Sec. 14. (a) An insurer must report all material nonrenewals, cancellations, or revisions of ceded reinsurance agreements on a nonconsolidated basis unless:

- (1) the insurer is part of a consolidated group of insurers that uses a:
 - (A) pooling arrangement; or
 - (B) one hundred percent (100%) reinsurance agreement; that affects the solvency and integrity of the insurer's reserves; and
- (2) the insurer ceded substantially all of its direct and assumed business to the pool.

(b) An insurer is considered to have ceded substantially all of its direct and assumed business to a pool under subsection (a) if the insurer has less than one million dollars (\$1,000,000) total direct plus assumed written premiums during a calendar year that are not subject to a pooling arrangement and the net income of the business not subject to the pooling arrangement represents less than five percent (5%) of the insurer's capital and surplus.

As added by P.L.251-1995, SEC.17.